



## TEXAS DEPARTMENT OF INSURANCE

### Division of Workers' Compensation - Medical Fee Dispute Resolution (MS-48)

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## MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

### GENERAL INFORMATION

**Requestor Name**

CONROE REGIONAL MEDICAL CENTER

**Respondent Name**

TEXAS ASSOCIATION OF COUNTIES  
RISK MANAGEMENT POOL

**MFDR Tracking Number**

M4-18-0253-01

**Carrier's Austin Representative**

Box Number 47

**MFDR Date Received**

September 28, 2017

### REQUESTOR'S POSITION SUMMARY

**Requestor's Position Summary:** "This claim should have been paid in accordance with 28 T. A. C. § 134.403"

**Amount in Dispute:** \$2,966.48

### RESPONDENT'S POSITION SUMMARY

**Respondent's Position Summary:** "Line 4 was paid as they are considered composite codes of family 2 APC 8006 . . . 'PROCEDURES WHICH ARE ASSIGNED A Q3 STATUS INDICATOR ARE REIMBURSED ACCORDING TO THE COMPOSITE APC ALLOWANCE PER MLN MATTERS#MM6320/CLM104c04 rule 10.6.1'."

**Response Submitted by:** CareWorks managed care services

### SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Dispute Amount	Amount Due
October 3, 2016	Outpatient Hospital Services	\$2,966.48	\$2,966.48

### FINDINGS AND DECISION

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and applicable rules of the Texas Department of Insurance, Division of Workers' Compensation.

**Background**

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §134.403 sets out the acute care hospital fee guideline for outpatient services.
3. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
  - 97 – THE BENEFIT FOR THIS SERVICE IS INCLUDED IN THE PAYMENT/ALLOWANCE FOR ANOTHER SERVICE/PROCEDURE THAT HAS ALREADY BEEN ADJUDICATED.
  - P12 – Workers' compensation jurisdictional fee schedule adjustment.
  - 193 – ORIGINAL PAYMENT DECISION IS BEING MAINTAINED. UPON REVIEW, IT WAS DETERMINED THAT THIS CLAIM WAS PROCESSED PROPERLY.
  - W3 – ADDITIONAL PAYMENT MADE ON APPEAL/RECONSIDERATION.

## Issues

1. What is the recommended payment for the services in dispute?
2. Is the requestor entitled to additional reimbursement?

## Findings

1. This dispute regards outpatient hospital facility services with payment subject to 28 Texas Administrative Code §134.403, requiring the maximum allowable reimbursement (MAR) to be the Medicare facility specific amount applying the effective Medicare Outpatient Prospective Payment System (OPPS) formula and factors, published annually in the Federal Register, with modifications as set forth in the rule. Medicare OPPS formulas and factors are available from the Centers for Medicare and Medicaid Services (CMS) at <http://www.cms.gov>.

Rule §134.403(f)(1) requires that the sum of the Medicare facility specific amount and any applicable outlier payment be multiplied by 200 percent, unless a facility or surgical implant provider requests separate payment of implantables. Separate reimbursement for implantables was not requested.

Medicare's Outpatient Prospective Payment System (OPPS) assigns an Ambulatory Payment Classification (APC) to billed services based on procedure code and supporting documentation. The APC determines the payment rate. Payment for ancillary items and services is packaged into the APC payment. CMS publishes quarterly APC rate updates, available at [www.cms.gov](http://www.cms.gov).

Reimbursement for the disputed services is calculated as follows:

- Procedure codes 73110 and 73610 have status indicator Q1, denoting STV-packaged codes; reimbursement for these services is packaged with the payment for evaluation and management code 99284 (which has status indicator V) billed on the same claim. Q1 services are separately payable only if no such procedures are billed.
- Procedure code 99284 has status indicator J2, denoting hospital, clinic or emergency visits (including observation and critical care) subject to composite payment if certain other services are billed in combination. As composite criteria were not met, this service is paid separately and assigned APC 5024 with status indicator V. The OPPS Addendum A rate is \$326.99. This is multiplied by 60% for an unadjusted labor-related amount of \$196.19, which is in turn multiplied by the facility wage index of 0.9653 for an adjusted labor amount of \$189.38. The non-labor related portion is 40% of the APC rate, or \$130.80. The sum of the labor and non-labor portions is \$320.18. The cost of this service does not exceed the fixed-dollar threshold of \$3,250, and therefore does not qualify for outlier payment. The Medicare facility specific amount of \$320.18 is multiplied by 200% for a MAR of \$640.36.
- Procedure code Q9967 has status indicator N, denoting packaged codes integral to the total service package with no separate payment; reimbursement is included in the payment for the primary services.
- Diagnostic codes 74177, 70450, 71260, 72125, 72128, and 72131 have status indicator Q3, denoting packaged codes paid through a composite APC. Services assigned to a composite APC are major components of a single episode of care for which the hospital receives one payment for any combination of designated procedures. These computed tomography (CT) services (including contrast) are assigned composite APC 8006 with status indicator S, denoting significant outpatient procedures paid by APC—not subject to reduction. If a “without contrast” CT and a “with contrast” CT are billed together, APC 8006 is assigned instead of APC 8005. When a composite includes multiple lines, the charges for those combined services are summed to one line. To determine outliers, a single cost for the composite is estimated from the summarized charges. Total packaged cost is allocated to the composite line in proportion to other separately paid services on the bill. This is assigned APC 8006. The OPPS Addendum A rate is \$493.91. This is multiplied by 60% for an unadjusted labor-related amount of \$296.35, which is in turn multiplied by the facility wage index of 0.9653 for an adjusted labor amount of \$286.07. The non-labor related portion is 40% of the APC rate, or \$197.56. The sum of the labor and non-labor portions is \$483.63. Per 42 Code of Federal Regulations §419.43(d) and *Medicare Claims Processing Manual*, CMS Publication 100-04, Chapter 4, §10.7.1, if the total cost for a service exceeds 1.75 times the OPPS payment and also exceeds the fixed-dollar threshold of \$3,250, the outlier payment is 50% of the amount by which the cost exceeds 1.75 times the OPPS payment. Per the OPPS Facility-Specific Impacts file, CMS lists the cost-to-charge ratio for this provider as 0.087. This ratio is multiplied by the billed charge of \$55,713.00 for a cost of \$4,847.03. The total cost of all packaged items is allocated proportionately across all separately paid OPPS services based on the percentage of total APC payment. The APC payment for these

services of \$483.63 divided by the sum of APC payments is 60.17%. The sum of packaged costs is \$136.50. The allocated portion of packaged costs is \$82.13, which is added to the service cost for a total cost of \$4,929.16. The cost of services exceeds the fixed-dollar threshold of \$3,250. The amount by which the cost exceeds 1.75 times the OPPS payment is \$4,082.81. Half of this amount is \$2,041.41. The Medicare facility specific amount, including outlier payment, of \$2,525.04, is multiplied by 200% for a MAR of \$5,050.07.

2. The total recommended reimbursement for the disputed services is \$5,690.43. The insurance carrier has paid \$2,396.56. The requestor is seeking additional reimbursement of \$2,966.48. This amount is recommended.

### **Conclusion**

In resolving disputes regarding the amount of payment due for health care determined to be medically necessary and appropriate for treatment of a compensable injury, the role of the division is to adjudicate the payment, given the relevant statutory provisions and division rules.

The division would like to emphasize that the findings and decision in this dispute are based on the available evidence presented by the requestor and respondent at the time of review. Even though all the evidence was not discussed, it was considered.

For the reasons stated above, the division finds that the requestor has established that additional reimbursement is due. As a result, the amount ordered is \$2,966.48.

### ***ORDER***

Based on the submitted information, pursuant to Texas Labor Code Section 413.031 and 413.019 (if applicable), the division has determined the requestor is entitled to additional reimbursement for the disputed services. The division hereby ORDERS the respondent to remit to the requestor \$2,966.48, plus applicable accrued interest per 28 Texas Administrative Code §134.130, due within 30 days of receipt of this order.

### **Authorized Signature**

_____	Grayson Richardson	December 8, 2017
Signature	Medical Fee Dispute Resolution Officer	Date

### ***YOUR RIGHT TO APPEAL***

Either party to this medical fee dispute has a right to seek review of this decision in accordance with Rule §133.307, effective May 31, 2012, 37 *Texas Register* 3833, **applicable to disputes filed on or after June 1, 2012.**

A party seeking review must submit a **Request to Schedule a Benefit Review Conference to Appeal a Medical Fee Dispute Decision** (form DWC045M) in accordance with the instructions on the form. The request must be received by the division within **twenty** days of your receipt of this decision. The request may be faxed, mailed or personally delivered to the division using the contact information listed on the form or to the field office handling the claim.

The party seeking review of the MFDR decision shall deliver a copy of the request to all other parties involved in the dispute at the same time the request is filed. Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision* together with any other required information specified in 28 Texas Administrative Code §141.1(d).

Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.